

*PIATT COUNTY, ILLINOIS*

*ANNUAL FINANCIAL REPORT*

*For the fiscal year ended November 30, 2017*

**May, Cocagne & King, P.C.**

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Certified Public Accountants & Consultants

**PIATT COUNTY, ILLINOIS**

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**November 30, 2017**

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**PIATT COUNTY, ILLINOIS**

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**PIATT COUNTY, ILLINOIS**

**LIST OF PRINCIPAL OFFICERS**

**November 30, 2017**

**COUNTY BOARD MEMBERS at November 30, 2017:**

<b>District</b>	<b>Representative</b>	<b>District</b>	<b>Representative</b>
1	Randy Keith (Chairman)	1	Ray Spencer
2	Renee Fruendt	2	Albert Manint
3	Randy Shumard	3	Robert Murrell

**OTHER ELECTED OFFICIALS at November 30, 2017:**

**County Clerk & Recorder, Jennifer Harper**

**Treasurer & Collector, Tim Pankau**

**Circuit Clerk, Laurie Birch**

**State's Attorney, Dana Rhoades**

**Sheriff, David Hunt**

**Regional Superintendent of Education (Macon-Piatt), Matthew Snyder**



# May, Cocagne & King, P.C.

Certified Public Accountants and Consultants

1353 E. MOUND ROAD, SUITE 300 DECATUR, ILLINOIS 62526-9344 217/875-2655 FAX 217/875-1660

ANDREW D. THOMAS  
HELGA J. TOWLER  
WILLIAM R. MOSS  
CATHERINE J. MANSUR  
STEVEN R. GROHNE  
MARK S. WOOD  
CRAIG T. NEGANGARD  
DAVID S. BROWN

## INDEPENDENT AUDITORS' REPORT

To the County Board Members  
Piatt County, Illinois  
Monticello, Illinois

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Piatt County, Illinois, as of and for the year ended November 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1 for the governmental activities, each major fund, and the aggregate remaining fund information, and with accounting principles generally accepted in the United States of America for the business-type activities and aggregate discretely presented component units; this includes determining that these are acceptable bases for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Piatt County Mental Health Center were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Summary of Opinions**

<b>Opinion Unit</b>	<b>Type of Opinion</b>
Governmental Activities	Unmodified
Business-Type Activities	Qualified/Disclaimed *
Aggregate Discretely Presented Component Units	Qualified
General Fund	Unmodified
County Motor Fuel Tax Fund	Unmodified
Illinois Municipal Retirement Fund	Unmodified
Piatt County Nursing Home Fund	Qualified/Disclaimed *
Piatt County Public Building Commission Fund	Unmodified
Piatt County Public Transportation Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

\* - We have qualified our opinion on the Statement of Net Position of the Piatt County Nursing Home Fund, but are disclaiming an opinion on the Statements of Revenues, Expenses and Changes In Net Position and Cash Flows. This results in a qualified opinion on Statement of Net Position of Business-Type Activities and a disclaimer of opinion on the Statement of Activities of Business-Type Activities.

**Basis for Qualified Opinion on the Business-Type Activities, a Discretely Presented Component Unit, the Piatt County Nursing Home Fund and Piatt County Public Transportation Fund**

The financial statements of the Business-Type Activities, Piatt County Mental Health Center (a discretely presented component unit), the Piatt County Nursing Home Fund and Piatt County Public Transportation Fund do not disclose all required components of Governmental Accounting Standards Board Statements No. 75 *Accounting and Financial Reporting for Post-Employment Benefit Other Than Pensions* and No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on the Business-Type Activities, a Discretely Presented Component Unit, the Piatt County Nursing Home Fund and Piatt County Public Transportation Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aforementioned opinion units as of November 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Qualified Opinion on a Discretely Presented Component Unit**

The financial statements of Piatt County Nursing Home Foundation (Foundation) have not been audited, and we were not engaged to audit the Foundation financial statements as part of our audit of the County's basic financial statements. The Foundation's financial activities are included in the County's basic financial statements as a discretely presented component unit.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on the Discretely Presented Component Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the discretely presented component unit of Piatt County, Illinois as of November 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Disclaimer of Opinion on Results of Operations and Cash Flows of the Piatt County Nursing Home Fund**

Due to inconsistencies found in the accounting records of the Piatt County Nursing Home Fund, we were unable to obtain sufficient audit evidence regarding certain revenue and expense amounts included in the statements of revenues, expenses, and changes in net position and cash flows.

**Disclaimer of Opinion on Results of Operations and Cash Flows of the Piatt County Nursing Home Fund**

Because of the significance of the matter discussed in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations and cash flows of the Piatt County Nursing Home Fund. Accordingly, we do not express an opinion on the results of operations and cash flows of the Piatt County Nursing Home Fund for the year ended November 30, 2017.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each governmental fund-type major fund, and the aggregate remaining fund information of Piatt County, Illinois as of November 30, 2017, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Piatt County Public Building Commission Fund of Piatt County, Illinois as of November 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements of the governmental activities, each governmental-type major fund, and the aggregate remaining fund information are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter. The financial statements of the business-type activities, proprietary funds and the aggregate discretely presented component units, however, are prepared in accordance with accounting principles generally accepted in the United States of America.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Piatt County, Illinois' basic financial statements. The combining nonmajor governmental fund financial statements, combining statement of changes in assets and liabilities of agency funds, and schedule of revenue and expenses - public transportation fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. This other information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the combining statement of changes in assets and liabilities of agency funds, and schedule of revenue and expenses - public transportation fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of Piatt County, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Piatt County, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Piatt County, Illinois' internal control over financial reporting and compliance.

*May, Cooney + King, P.C.*

Decatur, Illinois  
December 17, 2018



PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION

November 30, 2017

	Primary Government		Total
	Governmental Activities - Modified Cash Basis	Business-Type Activities - Accrual Basis	
<b>Assets</b>			
Cash and cash equivalents	\$ 8,425,982	601,628	9,027,610
Investments			
Accounts receivable		1,885,446	1,885,446
Accrued interest receivable			
Inventory		45,849	45,849
Prepaid expense			
Loan to Piatt County Nursing Home fund			
	<u>8,425,982</u>	<u>2,532,923</u>	<u>10,958,905</u>
Capital assets:			
Land	317,500	128,390	445,890
Property, plant, and equipment - net	8,310,812	5,389,929	13,700,741
Total capital assets	<u>8,628,312</u>	<u>5,518,319</u>	<u>14,146,631</u>
Total assets	<u>17,054,294</u>	<u>8,051,242</u>	<u>25,105,536</u>
<b>Liabilities</b>			
Accounts payable		517,786	517,786
Accrued expenses		196,129	196,129
Accrued interest		18,277	18,277
Security deposits		17,932	17,932
	<u>-</u>	<u>750,124</u>	<u>750,124</u>
Amounts due within one year:			
Debt certificates		65,000	65,000
Revenue bonds payable	60,000	60,000	120,000
Note payable		12,113	12,113
Employee benefits		29,000	29,000
Contract payable	15,727		15,727
Amounts due in more than one year:			
Employee benefits		115,836	115,836
Debt certificates		720,000	720,000
Revenue bonds payable	1,145,000	1,600,000	2,745,000
Loan from PCNH Foundation		350,000	350,000
Total debt service	<u>1,220,727</u>	<u>2,951,949</u>	<u>4,172,676</u>
Total liabilities	<u>1,220,727</u>	<u>3,702,073</u>	<u>4,922,800</u>

(Continued)

Component Units - Accrual Basis

Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
355,717	115,871	89,215
1,193,036	81,017	643,922
199,784		495
24,588		
		350,000
1,773,125	196,888	1,083,632
371,466	18,658	
371,466	18,658	-
2,144,591	215,546	1,083,632
10,929		
50,742		
61,671	-	-
-	-	-
61,671	-	-

PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION (Continued)  
November 30, 2017

	Primary Government		Total
	Governmental Activities - Modified Cash Basis	Business-Type Activities - Accrual Basis	
<b>Net Position</b>			
Net investment in capital assets	\$ 7,407,585	3,061,206	10,468,791
Restricted for:			
Capital projects		63,778	63,778
Debt retirement		123,600	123,600
Road projects	4,453,133		4,453,133
Self-insurance	459,139		459,139
Other	3,734,110	771	3,734,881
Unrestricted	(220,400)	1,099,814	879,414
Total net position	\$ 15,833,567	4,349,169	20,182,736

See Notes to Financial Statements.

Component Units - Accrual Basis

Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
371,466	18,658	
1,711,454	196,888	1,083,632
2,082,920	215,546	1,083,632

PIATT COUNTY, ILLINOIS

STATEMENT OF ACTIVITIES

Year ended November 30, 2017

	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 3,254,150	144,918		
Public safety	2,715,632	96,646		
Public health and welfare	49,141			
Judiciary and legal	789,887	56,962		
Transportation	1,841,028	390,971		
Culture and recreation	32,100			
Interest on long-term debt	79,068			
Total governmental activities	8,761,006	689,497	-	-
<b>Business-type Activities:</b>				
Nursing Home	10,251,319	7,052,641		88,244
Public Building Commission	62,296			
Transportation program	931,836	138,764	620,299	
Total business-type activities	11,245,451	7,191,405	620,299	88,244
Total primary government	20,006,457	7,880,902	620,299	88,244
<b>Component Units:</b>				
Mental Health Center	1,644,114	1,018,451	511,746	
Emergency Telephone System Board	116,142	216,621		
Nursing Home Foundation	161,375		137,989	
Total component units	\$ 1,921,631	1,235,072	649,735	-
<b>General Revenues:</b>				
Property taxes				
Other taxes				
Restricted for transportation purposes:				
Motor fuel taxes				
Investment earnings				
Miscellaneous				
Internal transfers				
Total general revenues				
Change in net position				
Net position, beginning				
Net position, ending				

See Notes to Financial Statements.

Net (Expense) Revenue and  
Changes in Net Position

Primary Government			Component Units - Accrual Basis		
Governmental Activities - Modified Cash Basis	Business-Type Activities - Accrual Basis	Total	Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
(3,109,232)		(3,109,232)			
(2,618,986)		(2,618,986)			
(49,141)		(49,141)			
(732,925)		(732,925)			
(1,450,057)		(1,450,057)			
(32,100)		(32,100)			
(79,068)		(79,068)			
<u>(8,071,509)</u>	<u>-</u>	<u>(8,071,509)</u>			
	(3,110,434)	(3,110,434)			
	(62,296)	(62,296)			
	(172,773)	(172,773)			
<u>-</u>	<u>(3,345,503)</u>	<u>(3,345,503)</u>			
<u>(8,071,509)</u>	<u>(3,345,503)</u>	<u>(11,417,012)</u>			
			(113,917)		
				100,479	
					(23,386)
			<u>(113,917)</u>	<u>100,479</u>	<u>(23,386)</u>
3,603,206	428,114	4,031,320			
3,525,281		3,525,281			
337,811		337,811			
9,227	71,408	80,635	3,604	31	70,743
1,226,765	24,556	1,251,321			
(1,471,670)	1,471,670				
<u>7,230,620</u>	<u>1,995,748</u>	<u>9,226,368</u>	<u>3,604</u>	<u>31</u>	<u>70,743</u>
<u>(840,889)</u>	<u>(1,349,755)</u>	<u>(2,190,644)</u>	<u>(110,313)</u>	<u>100,510</u>	<u>47,357</u>
<u>16,674,456</u>	<u>5,698,924</u>	<u>22,373,380</u>	<u>2,193,233</u>	<u>115,036</u>	<u>1,036,275</u>
<u>\$ 15,833,567</u>	<u>4,349,169</u>	<u>20,182,736</u>	<u>2,082,920</u>	<u>215,546</u>	<u>1,083,632</u>

PIATT COUNTY, ILLINOIS

BALANCE SHEET - CASH BASIS

GOVERNMENTAL FUNDS

November 30, 2017

	General	County Motor Fuel Tax	Bridge Fund	Other Governmental Funds	Total
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 960,000	4,125,295		2,728,933	7,814,228
Investments					
Due from other funds	152,615	327,838	925,048	86,730	1,492,231
<b>TOTAL ASSETS</b>	<b>1,112,615</b>	<b>4,453,133</b>	<b>925,048</b>	<b>2,815,663</b>	<b>9,306,459</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Due to other funds	1,333,015			6,601	1,339,616
Fund Balances:					
Restricted		4,453,133	925,048	2,809,062	8,187,243
Unassigned	(220,400)				(220,400)
<b>Total fund balances (deficits)</b>	<b>(220,400)</b>	<b>4,453,133</b>	<b>925,048</b>	<b>2,809,062</b>	<b>7,966,843</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,112,615</b>	<b>4,453,133</b>	<b>925,048</b>	<b>2,815,663</b>	<b>9,306,459</b>

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET - CASH BASIS - TO THE STATEMENT  
OF NET POSITION - MODIFIED CASH BASIS  
November 30, 2017

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Total fund balances for Governmental Funds	\$ 7,966,843
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,628,312
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Revenue bonds payable	(1,205,000)
Contract payable	(15,727)
Internal service funds are used to pay for the costs of certain activities, such as insurance, leasing and building maintenance. The assets and liabilities of the internal service funds is included in governmental activities in the statement of net position.	<u>459,139</u>
Net position of governmental activities	<u><u>\$ 15,833,567</u></u>

See Notes to Financial Statements.



PIATT COUNTY, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
 Year ended November 30, 2017

	General	County Motor Fuel Tax	Bridge Fund	Other Governmental Funds	Total
<b>Revenues:</b>					
Property taxes	\$ 1,190,919		212,114	2,200,173	3,603,206
Intergovernmental	2,867,953	390,042	178,857	426,240	3,863,092
Fines and forfeitures	460,853			228,644	689,497
Investment income	1,790	6,093		480	8,363
Miscellaneous	1,218,920			7,845	1,226,765
<b>Total revenues</b>	<b>5,740,435</b>	<b>396,135</b>	<b>390,971</b>	<b>2,863,382</b>	<b>9,390,923</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General control and administration	2,083,616			1,024,499	3,108,115
Public safety	2,414,225			57,544	2,471,769
Public health and welfare	43,373			5,768	49,141
Judiciary and legal	788,765				788,765
Transportation	2,000	391,552	254,241	1,157,552	1,805,345
Culture and recreation	32,100				32,100
Capital outlay	58,726			4,386	63,112
<b>Debt service:</b>					
Principal	60,000				60,000
Interest	79,068				79,068
<b>Total expenditures</b>	<b>5,561,873</b>	<b>391,552</b>	<b>254,241</b>	<b>2,249,749</b>	<b>8,457,415</b>
Excess (deficiency) of revenues over (under) expenditures	178,562	4,583	136,730	613,633	933,508
<b>Other financing sources (uses):</b>					
Transfers in	170,000				170,000
Transfers out	(428,570)			(1,113,100)	(1,541,670)
<b>Net change in fund balances</b>	<b>(80,008)</b>	<b>4,583</b>	<b>136,730</b>	<b>(499,467)</b>	<b>(438,162)</b>
Fund balances (deficits), beginning of year	(140,392)	4,448,550	788,318	3,308,529	8,405,005
Fund balances (deficits), end of year	\$ (220,400)	4,453,133	925,048	2,809,062	7,966,843

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - CASH BASIS - TO THE STATEMENT OF ACTIVITIES -  
MODIFIED CASH BASIS  
Year ended November 30, 2017

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Net change in fund balances - total governmental funds \$ (438,162)

Amounts reported for governmental activities in the  
statement of activities are different because:

Capital outlays are reported as expenditures in Governmental  
Funds. However, in the Statement of Activities, the cost  
of capital assets is allocated over their useful lives as  
depreciation expense. In the current period, these amounts are:

Capital asset additions	\$ 38,346	
Depreciation expense	<u>(413,080)</u>	(374,734)

Internal service funds are used to pay for the costs of  
certain activities, such as insurance and leasing. The  
net revenue of the internal service funds is reported with  
governmental activities in the statement of net assets (103,721)

The issuance of long-term debt provides current financial  
resources to governmental funds, while the repayment of  
the principal of long-term debt consumes the current  
financial resources of governmental funds. Neither transaction,  
however, has any effect on net assets. This amount is the net  
effect of these differences in the treatment of long term debt.

Revenue bonds payable	60,000	
Contract payable	<u>15,728</u>	

Change in net position of governmental activities \$ (840,889)

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 November 30, 2017

	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation	Total Business-Type Activities
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 370,345	44,843	62,840	478,028
Accounts receivable	1,699,279		186,167	1,885,446
Inventory	45,849			45,849
Lease receivable - current		60,000		60,000
Noncurrent assets:				
Capital lease receivable		1,145,000		1,145,000
Restricted cash and cash equivalents	123,600			123,600
Capital assets:				
Land	123,390		5,000	128,390
Property, plant, and equipment	9,387,757		1,885,066	11,272,823
Less accumulated depreciation	(4,976,341)		(906,553)	(5,882,894)
Total assets	6,773,879	1,249,843	1,232,520	9,256,242
<b>Liabilities</b>				
Accounts payable	495,118		22,668	517,786
Accrued expenses	196,129			196,129
Accrued interest	8,256	10,021		18,277
Security deposits	17,932			17,932
Due to other funds				
Amounts due within one year:				
Debt certificates	65,000			65,000
Revenue bonds payable	60,000	60,000		120,000
Note payable	12,113			12,113
Employee benefits	29,000			29,000
Amounts due in more than one year:				
Employee benefits	115,836			115,836
Debt certificates	720,000			720,000
Revenue bonds payable	1,600,000	1,145,000		2,745,000
Loan from PCNH Foundation	350,000			350,000
Total liabilities	3,669,384	1,215,021	22,668	4,907,073
<b>Net Position</b>				
Net investment in capital assets	2,077,693		983,513	3,061,206
Restricted:				
Capital projects	63,778			63,778
Debt retirement	123,600			123,600
PCSS and Faith in Action	771			771
Unrestricted	838,653	34,822	226,339	1,099,814
Total net position	\$ 3,104,495	34,822	1,209,852	4,349,169

See Notes to Financial Statements.

Governmental Activities  
- Modified Cash Basis

Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
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459,139	152,615	611,754
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459,139	152,615	611,754
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	152,615	152,615
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-	152,615	152,615
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459,139		459,139
459,139	-	459,139

PIATT COUNTY, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS

Year ended November 30, 2017

	Piatt County Nursing Home (Unaudited)	Piatt County Public Building Commission	Piatt County Public Transportation	Total Business-Type Activities
Operating revenues:				
Charges for services	\$ 7,052,641		138,764	7,191,405
Operating grants			620,299	620,299
Miscellaneous	52,781			52,781
Total operating revenues	7,105,422	-	759,063	7,864,485
Operating expenses:				
General government				
Health and welfare	10,139,412			10,139,412
Transportation			931,836	931,836
Total operating expenses	10,139,412	-	931,836	11,071,248
Operating income (loss)	(3,033,990)	-	(172,773)	(3,206,763)
Non-operating revenues (expenses):				
Non-operating revenues net of expenses	488,133			488,133
Investment income	13,721	57,531	156	71,408
Interest on long-term debt	(111,907)	(62,296)		(174,203)
Total non-operating revenues (expenses)	389,947	(4,765)	156	385,338
Income (loss) before operating transfers	(2,644,043)	(4,765)	(172,617)	(2,821,425)
Inter-County transfers	1,356,034		115,636	1,471,670
Change in net position	(1,288,009)	(4,765)	(56,981)	(1,349,755)
Net position, beginning of year	4,392,504	39,587	1,266,833	5,698,924
Net position, end of year	\$ 3,104,495	34,822	1,209,852	4,349,169

See Notes to Financial Statements.

Governmental Activities  
- Modified Cash Basis

Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
-	-	-
4,585		4,585
4,585	-	4,585
(4,585)	-	(4,585)
864		864
864	-	864
(3,721)	-	(3,721)
(100,000)		(100,000)
(103,721)	-	(103,721)
562,860		562,860
459,139	-	459,139

PIATT COUNTY, ILLINOIS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

Year ended November 30, 2017

	Business-type Activities		
	Piatt County Nursing Home (Unaudited)	Piatt County Public Building Commission	Piatt County Public Transportation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 7,409,092		137,083
Receipts from operating grants			634,068
Payments to suppliers of goods or services	(4,070,063)		(367,463)
Payments to employees	(5,781,131)		(478,485)
<b>Net cash flows from operating activities</b>	<b>(2,442,102)</b>	<b>-</b>	<b>(74,797)</b>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>			
Property tax revenue	428,114		
Loan from Piatt County Nursing Home Foundation	350,000		
Transfers (to) from other funds	1,356,034		115,636
<b>Net cash flows from non capital financing activities</b>	<b>2,134,148</b>	<b>-</b>	<b>115,636</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(118,518)		(8,631)
Principal payments on debt certificates	(60,000)		
Principal payments on revenue bonds	(60,000)	(60,000)	
Principal payments on note payable	(19,466)		
Proceeds from capital lease payments		60,000	
Foundation contributions for asset purchase	88,244		
Interest expense paid on bonds and notes	(112,912)	(62,407)	
<b>Net cash flows from capital and related financing activities</b>	<b>(282,652)</b>	<b>(62,407)</b>	<b>(8,631)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	13,721	57,531	156
Scholarship, PCSS and FIA	(25,839)		
<b>Net cash flows from investing activities</b>	<b>(12,118)</b>	<b>57,531</b>	<b>156</b>
Net increase (decrease) in cash and cash equivalents	(602,724)	(4,876)	32,364
Cash and cash equivalents, beginning of year	973,069	49,719	30,476
Cash and cash equivalents, end of year	\$ 370,345	44,843	62,840

(Continued)

Governmental Activities  
- Modified Cash Basis

Total Business-Type Activities	Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
7,546,175			
634,068			
(4,437,526)	(4,585)		(4,585)
(6,259,616)			
(2,516,899)	(4,585)	-	(4,585)
428,114			
350,000			
1,471,670	(100,000)	(19,626)	(119,626)
2,249,784	(100,000)	(19,626)	(119,626)
(127,149)			
(60,000)			
(120,000)			
(19,466)			
60,000			
88,244			
(175,319)			
(353,690)	-	-	-
71,408	864		864
(25,839)			
45,569	864	-	864
(575,236)	(103,721)	(19,626)	(123,347)
1,053,264	562,860	172,241	735,101
478,028	459,139	152,615	611,754



**PIATT COUNTY, ILLINOIS**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (Continued)  
 Year ended November 30, 2016**

	Business-Type Activities		
	Piatt County Nursing Home (Unaudited)	Piatt County Public Building Commission	Piatt County Public Transportation
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (3,033,990)		(172,773)
Adjustments to reconcile operating loss to net cash flows from operating activities:			
Depreciation	379,169		99,259
Fixed asset additions in accounts payable	(15,905)		
Bad debt expense	762,924		
Increase in allowance for doubtful accounts	75,000		
(Increase) decrease in assets:			
Accounts receivable	(533,693)		12,088
Inventory	7,461		
Increase (decrease) in liabilities:			
Accounts payable	(81,108)		(13,371)
Accrued payroll and employee benefits	(1,399)		
Security deposits	(561)		
<b>Net cash flows from operating activities</b>	<b>\$ (2,442,102)</b>	<b>-</b>	<b>(74,797)</b>

See Notes to Financial Statements.

Total Business-Type Activities	Governmental Activities - Modified Cash Basis		
	Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
(3,206,763)	(4,585)		(4,585)
478,428			
(15,905)			
762,924			
75,000			
(521,605)			
7,461			
(94,479)			
(1,399)			
(561)			
<u>(2,516,899)</u>	<u>(4,585)</u>	<u>-</u>	<u>(4,585)</u>

**PIATT COUNTY, ILLINOIS**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

**FIDUCIARY FUNDS**

**November 30, 2017**

	Agency Funds
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 1,738,911
Due from General Fund	<u>12,459</u>
Total assets	<u><u>1,751,370</u></u>
<b>Liabilities</b>	
Due to other governments	1,015,159
Due to other funds	64,344
Due to others	<u>671,867</u>
Total liabilities	<u><u>\$ 1,751,370</u></u>

See Notes to Financial Statements.

## PIATT COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS

November 30, 2017

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#### Note 1 - Summary of Significant Accounting Policies

Piatt County (County) is a municipal corporation governed by an elected six member board. Other officials elected by the voters of the County that manage various segments of the County's operations are the Circuit Clerk, County Clerk and Recorder, Treasurer and Collector, Sheriff, State's Attorney and Regional Superintendent of Education (Macon-Piatt). Although elected officials manage the internal operations of their respective departments, the County Board authorizes expenditures as well as serves as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

**The Financial Reporting Entity:** As required by generally accepted accounting principles, these financial statements present the County (the primary government) and its component units. The County's financial statements include all funds, departments, boards and agencies that are not legally separate from the County. The component units are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Furthermore, their inclusion is considered necessary to avoid incomplete or misleading financial reporting.

The financial statements are formatted to allow users to clearly distinguish between the primary government and its component units. Because of the closeness of their relationship with the primary government, some component units are blended as though they are part of the primary government; others are discretely presented.

**Blended Component Units -** The Piatt County Public Building Commission (PCPBC) is a municipal corporation created under the provisions of the Public Building Commission Act of the State of Illinois. The purpose of the PCPBC is to acquire or construct facilities for participating governments and to issue bonded debt to finance the acquisition or construction of such facilities. The County appoints the four-member governing board of the PCPBC. The PCPBC is financially dependent on the County because the debt issued by the PCPBC is paid by the County in the form of lease payments for County facilities. As such, the County has significant influence over the PCPBC and has included the organization in the reporting entity.

**Discretely Presented Component Units -** The following discretely presented component units are reported in separate columns in the basic financial statements to emphasize that they are legally separate from the County.

The Piatt County Emergency Telephone System Board (ETSB) is a special unit of local County government, operating under the Emergency Telephone System Act, Chapter 50 ILCS, Section 750/15.4 et seq. of the Illinois Compiled Statutes (ILCS). The ETSB is funded through telephone surcharges and distributes funds to plan, coordinate, and supervise the implementation of an enhanced 9-1-1 system. All members of the ETSB are appointed by the Piatt County Board. The Piatt County Board may at any time change the rate of the surcharge imposed as long as the new rate does not exceed the rate specified in the referendum. As such, the County has significant influence over the ETSB and has included the organization in the reporting entity. The ETSB's year end for financial reporting purposes is November 30, 2017, the same as the County. The ETSB's November 30, 2017, financial statements are included herein.

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**November 30, 2017**

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**Note 1 - Summary of Significant Accounting Policies, continued**

**The Financial Reporting Entity, continued:** The Piatt County Mental Health Center (Center) is a special unit of local County government. All members of the Center's Board are appointed by the Piatt County Board. As such, the County has significant influence over the Center and has included the organization in the reporting entity. The Center's year-end for financial reporting purposes is June 30, which differs from the County. The Center's June 30, 2017, financial statements are included herein.

Complete financial statements for the Piatt County Mental Health Center can be obtained at 1921 North Market, Monticello, Illinois 61856.

The Piatt County Nursing Home Foundation is a legally separate, tax-exempt organization. It acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on behalf of the Piatt County Nursing Home Fund (Nursing Home). Although the Nursing Home does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can only be used by, or for the benefit of, the Nursing Home. Consequently, the Foundation is considered a component unit of the County and is discretely presented in the County's financial statements.

For financial reporting purposes, only the Foundation's statements of financial position and activities are included in the County's financial statements as required by generally accepted accounting principles. No modifications have been made to the Foundation's financial information included in the County's financial report. The financial statements included in this report are from the fiscal year ended November 30, 2017, and have not been audited.

During the fiscal year ended November 30, 2017, the Foundation distributed \$ 88,244 to the Nursing Home. During the current year ending November 30, 2017, the Foundation made a loan to the Nursing Home to cover current operating expenses of \$ 350,000. The Nursing Home is expected to repay the loan as funds to do so become available.

**Payments Between the County and Component Units:** Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions - that is, as revenues and expenditures. Resource flows between the primary government and blended component units are classified as interfund transactions in the financial statements.

**Related Organizations:** The County's officials are also responsible for appointing members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The County Board appoints board members of all Fire Protection Districts in Piatt County and all Drainage Districts in Piatt County. The County Board also assists in appointing board members to the DeWitt Piatt Bi-County Health Department.

In addition, several legally separate tax exempt organizations have been established to benefit the County and others.

## PIATT COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2017

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#### Note 1 - Summary of Significant Accounting Policies, continued

**Basis of Presentation:** The County's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government and its component units, except for fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the County.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

Fund Financial Statements: During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds, each presented in a separate column. All remaining funds are aggregated and presented in a single column and reported as nonmajor funds.

**Fund Accounting:** The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**November 30, 2017**

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**Note 1 - Summary of Significant Accounting Policies, continued**

**Fund Accounting, continued:**

Governmental Funds: Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

General Fund - This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

County Motor Fuel Tax Fund - This fund accounts for County Motor Fuel Tax funds which are to be used for approved County road and bridge projects.

Bridge Fund - This fund accounts for funds derived from property tax revenue and funds received from the State of Illinois and nearby townships to be used upon board approval to construct and repair County bridges.

The other governmental funds of the County account for county-wide property tax levies, grants and other resources whose use is restricted for a particular purpose; the accumulation of resources for, and the payment of debt; and the acquisition or construction of major capital facilities.

Proprietary Funds: Proprietary Funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is on determination of operating income, financial position, changes in net assets and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The County's proprietary fund types consist of three Enterprise funds and two Internal Service Funds. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where management has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The County's major Enterprise funds consist of activities of the following:

Piatt County Nursing Home - This fund accounts for the operation of the County Nursing Home.

Piatt County Public Transportation - This fund accounts for the operation of a transportation program for the needy in Piatt County.

Public Building Commission - This fund accounts for the financing, acquisition, and construction of facilities for lease to Piatt County.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)  
November 30, 2017

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**Note 1 - Summary of Significant Accounting Policies, continued**

**Fund Accounting, continued:**

Proprietary Funds, continued: The Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the County. The Internal Service Funds are included in governmental activities for government-wide reporting purposes. The following is a description of the County's Internal Service Funds:

Self Insurance Fund - established for the purpose of providing for the accumulation of funds to fund the County's self-funded workmen's compensation liability insurance.

Piatt County Operations Bond Maintenance Fund - accounts for the repairs and maintenance of all County buildings.

Fiduciary Funds: The County's fiduciary fund types consist only of Agency Funds, which are custodial in nature and do not involve the measurement of operations. The County's Agency Funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent and for property taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions as well as account for assets held by the Nursing Home as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds use the cash basis of accounting.

**Basis of Accounting:** Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the modified cash basis for governmental activities and accrual basis for business-type activities. Fund financial statements are prepared using the cash basis of accounting for governmental fund and fiduciary types and the accrual basis of accounting for proprietary funds. Differences in the cash and accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Component Units: Each component unit financial statement included herein is prepared using the accrual basis of accounting, except for ETSB, which is prepared on the modified cash basis of accounting.

Expenses/Expenditures: The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.



## PIATT COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2017

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#### Note 1 - Summary of Significant Accounting Policies, continued

**Cash and Cash Equivalents:** The County considers all highly liquid investments with an original maturity of three months or less when purchased and all certificates of deposit regardless of maturity to be cash equivalents.

Cash includes amounts in demand deposits, money market accounts, and certificates of deposit. For purposes of the statement of cash flows, cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less.

The Treasurer maintains a cash and investment pool for all County funds in order to facilitate the management of cash. Each fund's accounting records reflect equity in pooled cash and investments. All earnings on investments are distributed to each fund based upon their proportionate share of pooled cash and investments at the end of each month. At year-end, earnings that have been distributed to funds for which there is no statutory requirement regarding allocation of interest may be transferred to the General Fund.

**Property Tax Calendar:** The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions, including the schools and special districts within the County. The County Board adopts the property tax levy on the second Wednesday in November on the assessed valuation as of January 1<sup>st</sup>. Property taxes attach as an enforceable lien on all assessable real property located within Piatt County, Illinois, as of January 1<sup>st</sup> of the year following the levy. Taxes are payable in two installments on or about July 1<sup>st</sup> and September 1<sup>st</sup>. Collection and distribution of significant amounts of property taxes are expected to be made on approximately July 15<sup>th</sup>, September 15<sup>th</sup> and November 15<sup>th</sup>.

**Inventories:** Inventories are valued at the lower of cost or market.

**Accounts Receivable:** The Nursing Home carries its accounts receivable at cost. Illinois Department of Public Aid (IDPA) and Medicare receivables are kept on the books until it is known whether or not the amount will be paid. When it is determined that an amount will not be received in part or in whole, the uncollectible amount is written off.

For private pay, IDPA patient liability and other receivables, if an amount becomes over 180 days past due, the account is reviewed by the Nursing Home administration. Once an amount is deemed uncollectible, it is written off. As of November 30, 2017, the Nursing Home had an allowance for doubtful accounts of \$ 175,000 to cover questionable accounts.

The Nursing Home does not charge interest for past due accounts, and it turns unpaid accounts over to collection only as a last resort.

The Mental Health Center's accounts receivables are comprised of earned and unpaid services performed for clients, various State of Illinois and local agencies, and others. All receivables are current and due within one year. Receivables are reported net of an estimated allowance for uncollectible accounts. The allowance for uncollectible accounts netted with accounts receivable was \$ 10,800 for the year ended June 30, 2017.

The Center does not charge interest for past due accounts, and it rarely turns unpaid accounts over to collection.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2017

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**Note 1 - Summary of Significant Accounting Policies, continued**

**Capital Assets:** General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Governmental Activities: Capital assets purchased or acquired with an original cost of at least \$ 5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at their fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

All capital assets are depreciated, except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	25-40 years
Vehicles	5-10 years
Furniture and fixtures	5-10 years
Machinery and equipment	5-10 years
Technology equipment	3 years
Infrastructure	25 years

Business-type Activities: Capital assets of proprietary funds are stated at cost. The cost of property additions and major replacements of retired units of property is capitalized. Interest on funds used during construction of major projects is capitalized. The cost of maintenance and minor repairs is charged to operations. Donated fixed assets are valued at their estimated fair value on the date donated.

Depreciation is computed on the straight-line basis over the estimated useful lives of the various assets.

All assets purchased by the PCPBC under the provisions of the lease agreements discussed in Note 8 are considered to be assets owned by other parties, mainly the County, as ownership is transferred to the other parties upon expiration of the leases. Therefore, such purchases are not capitalized by the PCPBC, but rather recorded as materials and supplies expenses on the PCPBC financial statements.

## PIATT COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2017

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#### Note 1 - Summary of Significant Accounting Policies, continued

**Budgetary Data:** Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Expenditures are controlled at the fund level. All appropriations lapse at year end.

Budgets for the General and Special Revenue Funds, except for the Motor Fuel Tax Fund, are adopted on a basis consistent with the cash basis of accounting. The authority to spend funds of the Motor Fuel Tax Fund is determined by the Illinois Department of Transportation.

The County follows these procedures in establishing its budgetary data:

- 1) During August, the various County officers and department present their budgeted expenditures to the Budget Committee of the County Board.
- 2) After these requests are all approved, they are integrated into a preliminary budget along with the budgeted revenues and proposed property tax levies.
- 3) The preliminary budget is then presented to the full County Board for approval.
- 4) After the preliminary budget is approved, it is made available for public inspection for a statutory period of time.
- 5) Finally, after the preliminary budget has been available for the requisite amount of time, the County Board formally adopts the final budget.

**Use of Estimates:** Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

**Operating Revenues and Expenses - Proprietary Funds:** Operating income consists of those revenues that result from the ongoing principal operations of the proprietary funds. Operating revenues consist primarily of charges for services. Operating expenses consist of the direct costs of operations of the proprietary funds. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from non-exchange transactions or ancillary activities.

**Compensated Absences:** The liability for compensated absences in the government-wide and proprietary fund statements consists of accumulated unpaid sick and vacation pay. The liability has been calculated using the vesting method.

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**November 30, 2017**

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**Note 1 - Summary of Significant Accounting Policies, continued**

**Interfund Transactions:** Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

**Fund Equity:** The following classifications describe the relative nature, extent and strength of the spending constraints placed on the County's fund balances:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact (such as perpetual trusts).
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e., County Board). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the County intends to use for a specific purpose. Intent can be expressed by the County Board or by an official or body to which the County Board delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The County Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by County Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service or for other purposes).

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2017

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**Note 1 - Summary of Significant Accounting Policies, continued**

**Fund Equity, continued:** The County would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**Net Position:** Net position comprise the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net investment in capital assets - This component of net position consists of capital assets, net of depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net assets components as the unspent proceeds.

Restricted - This component of net position consists of constraints imposed by creditors, (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets."

**Note 2 - Deposits and Investments**

Illinois Compiled statutes authorize the County to invest in obligations of the U.S. Treasury or its agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements (subject to limitations), and commercial paper rated within the three highest classifications by at least two standard rating services.

**Deposits - Custodial Credit Risk:** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy indicates that the Treasurer requires collateralization of public deposits be performed through pledging of appropriate securities by the depositories. As of November 30, 2017, the County's bank balances of \$ 11,758,811 (including certificates of deposit, checking, and savings accounts) were fully insured and collateralized. The County evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

The Piatt County Public Building Commission's deposits, as well as those for the Public Transportation fund and one account for the Circuit Clerk, are excluded from the above due to the fact that different custodians and deposit risk policies exist for these separate accounts. At November 30, 2017, the bank balances of these cash deposits totaled \$ 86,168 and were fully insured by federal depository insurance or collateralized by securities held by a financial institution's trust department or agent in the County funds' names.

## PIATT COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2017

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#### Note 2 - Deposits and Investments, continued

##### Deposits - Custodial Credit Risk, continued:

Piatt County Mental Health Center: At June 30, 2017, none of the Piatt County Mental Health Center's bank balances of \$ 1,454,015 were exposed to custodial credit risk.

Piatt County Emergency Telephone System Board: At November 30, 2017, ETSB's cash account with a bank balance of \$ 81,047 was covered by federal insurance or collateralized by the pledging financial institution's trust department or agent in favor of the Board.

Piatt County Nursing Home Foundation: At June 30, 2017, none of the Piatt County Nursing Home Foundation's bank balances of \$ 89,215 were exposed to custodial credit risk.

#### Note 3 - Property Taxes

The County's property tax is levied on January 1 of each year on all taxable real property located in the County. Real property tax revenue received in 2017 represents collection of the 2016 taxes. Real property taxes for the 2017 levy will be collected in and are intended to finance 2018 operations.

Piatt County property is assessed as of January 1 of each year by the Township Assessors. The values are adjusted by various percentages according to the type of property (residential, commercial, etc.). The assessed values are equalized by the Illinois Department of Revenue to ensure uniformity of property assessments throughout the state. The Piatt County Clerk computes the annual tax rate by dividing the requested levy into the equalized value of each taxing unit. The Clerk then computes the tax for each parcel by multiplying the aggregate rates of all the taxing units having jurisdiction over the parcel by the equalized value. The tax amounts by parcel are forwarded to the Piatt County Collector and used as a basis for issuing tax bills to all taxpayers in the County.

Property taxes are collected by the Piatt County Collector who periodically remits to each taxing unit its respective share of the collections. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds. Taxes levied in one year become due and payable in two installments during the following year. The first installment is due in early July and the second installment is due in early September. A lien on taxable real property is effective thirty (30) days after the second installment due date.

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**November 30, 2017**

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**Note 3 - Property Taxes, continued**

The following are the taxes levied per \$ 100 of assessed valuation (\$ 425,682,745 for the 2016 Levy):

	Maximum Rate	2016 Levy
General Corporate	.27000	.23492
County Highway	.10000	.10000
Bridge Fund	.05000	.05000
Illinois Municipal Retirement		.17619
Federal Aid Matching	.05000	.05000
T.B. Sanitarium	.05200	.00370
Health Unit	.06800	.04811
Bonds and Interest		.02846
Veterans' Assistance Commission	.03000	.00369
Unemployment Insurance		.01943
Nursing Home	.10000	.09984
Social Security		.16562
Piatt County Cooperative Extension	.03000	.02373
		<u>1.00369</u>

**Note 4 - Interfund Receivables, Payables and Transfers**

Individual fund receivable/payable balances at November 30, 2017 are as follows:

Receivable Fund	Payable Fund	Amount
General	PCO Bond Maintenance	<u>\$ 152,615</u>

The General Fund receivable from the PCO Bond Maintenance Fund represents ending cash balances being held in the PCO Bond Maintenance Fund to be used by and thus due to the General Fund for the maintenance and improvement of the Piatt County Office Building. Once these cash balances have been expended, the PCO Bond Maintenance Fund will be closed, and all future amounts paid from General Fund cash balances.

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**November 30, 2017**

**Note 4 - Interfund Receivables, Payables and Transfers, continued**

A schedule of interfund transfers for the year ended November 30, 2017, is as follows:

Transfers From	Transfers To	Amount
Self Insurance Fund	General Fund	\$ 100,000
Court Security Fund	General Fund	40,000
Support Administration Fund	General Fund	20,000
Document Storage Circuit Clerk Fund	General Fund	10,000
Transfers In - Governmental Funds		<u>\$ 170,000</u>

Transfers To	Transfers From	Amount
General Fund	Court Security Fund	\$ (40,000)
General Fund	Support Administration Fund	(20,000)
General Fund	Document Storage Circuit Clerk Fund	(10,000)
Nursing Home Fund	General Fund	(394,499)
Nursing Home Fund	IMRF Fund	(465,280)
Nursing Home Fund	Social Security Fund	(435,744)
Nursing Home Fund	Unemployment Fund	(60,511)
Transportation Fund	IMRF Fund	(38,463)
Transportation Fund	Social Security Fund	(36,534)
Transportation Fund	Unemployment Fund	(6,567)
Transportation Fund	General Fund	(34,072)
Transfers Out - Governmental Funds		<u>\$(1,541,670)</u>

Transfers To	Transfers From	Amount
Nursing Home Fund	General Fund	\$ 394,499
Nursing Home Fund	IMRF Fund	465,280
Nursing Home Fund	Social Security Fund	435,744
Nursing Home Fund	Unemployment Fund	60,511
Transportation Fund	IMRF Fund	38,463
Transportation Fund	Social Security Fund	36,534
Transportation Fund	Unemployment Fund	6,567
Transportation Fund	General Fund	34,072
Transfers In - Proprietary Funds		<u>\$ 1,471,670</u>

Transfers shown to the Nursing Home and Transportation funds represent employer IMRF, Social Security tax, Unemployment tax and insurance expenses levied-for by the County and paid by other funds on behalf of these funds.



**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**November 30, 2017**

**Note 5 - Capital Assets**

Capital activity for the year ended November 30, 2017, was as follows:

	Balance December 1, 2016	Increases	Decreases	Balance November 30, 2017
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 317,500			317,500
Total capital assets not being depreciated	317,500	-	-	317,500
<b>Capital assets being depreciated:</b>				
Buildings and improvements	11,465,473	24,242		11,489,715
Machinery and equipment	235,782			235,782
Vehicles	581,174	14,104		595,278
Furniture and fixtures	183,606			183,606
Office equipment	628,184			628,184
Other equipment	315,515			315,515
Infrastructure	90,258			90,258
Total capital assets being depreciated	13,499,992	38,346	-	13,538,338
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	3,359,395	293,167		3,652,562
Machinery and equipment	178,705	15,668		194,373
Vehicles	394,653	62,999		457,652
Furniture and fixtures	183,606			183,606
Office equipment	442,788	20,155		462,943
Other equipment	244,016	16,578		260,594
Infrastructure	11,283	4,513		15,796
Total accumulated depreciation	4,814,446	413,080	-	5,227,526
Total capital assets being depreciated, net	8,685,546	(374,734)	-	8,310,812
<b>Governmental activity, capital assets, net</b>	<b>\$ 9,003,046</b>	<b>(374,734)</b>	<b>-</b>	<b>8,628,312</b>

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**November 30, 2017**

**Note 5 - Capital Assets, continued**

Depreciation was charged to functions of governmental activities as follows:

General government	\$ 102,581
Public safety	273,694
Judiciary and legal	1,122
Transportation	<u>35,683</u>
	<u><u>\$ 413,080</u></u>

	Balance December 1, 2016	Additions	Deletions	Balance November 30, 2017
<u>Business-type activities:</u>				
Nursing Home:				
Capital assets not being depreciated:				
Land	\$ 123,390			<u>123,390</u>
Capital assets being depreciated:				
Ground improvements	96,306	2,287		98,593
Buildings	6,200,691			6,200,691
Equipment	1,263,829	61,975	50,706	1,275,098
Building improvements	1,747,079	70,162	3,866	<u>1,813,375</u>
Total capital assets being depreciated	<u>9,307,905</u>	<u>134,424</u>	<u>54,572</u>	<u>9,387,757</u>
Less accumulated depreciation for:				
Ground improvements	47,843	6,976		54,819
Buildings	3,311,125	162,547		3,473,672
Equipment	636,220	127,278	50,251	713,247
Building improvements	654,170	82,368	1,935	<u>734,603</u>
Total accumulated depreciation	<u>4,649,358</u>	<u>379,169</u>	<u>52,186</u>	<u>4,976,341</u>
Total capital assets being depreciated, net	<u>4,658,547</u>	<u>(244,745)</u>	<u>2,386</u>	<u>4,411,416</u>
Nursing Home capital assets, net	<u>\$ 4,781,937</u>	<u>(244,745)</u>	<u>2,386</u>	<u>4,534,806</u>

Total depreciation expense for the Nursing Home in 2017 was \$ 379,169.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)  
November 30, 2017

Note 5 - Capital Assets, continued

	Balance December 1, 2016	Additions	Deletions	Balance November 30, 2017
<u>Business-type activities:</u>				
Piatt County Public Transportation:				
Capital assets not being depreciated:				
Land	\$ 5,000			5,000
Capital assets being depreciated:				
Building	982,105	8,630		990,735
Vehicles	839,998		52,873	787,125
Equipment	107,206			107,206
Total capital assets being depreciated	1,929,309	8,630	52,873	1,885,066
Less accumulated depreciation for:				
Building	184,750	24,581		209,331
Vehicles	570,742	72,954	52,873	590,823
Equipment	104,675	1,724		106,399
Total accumulated depreciation	860,167	99,259	52,873	906,553
Total capital assets being depreciated, net	1,069,142	(90,629)	-	978,513
Piatt County Public Transportation capital assets, net	1,074,142	(90,629)	-	983,513
Business-type activities, capital assets, net	\$ 5,856,079	(335,374)	2,386	5,518,319

Total depreciation expense for Piatt County Public Transportation in 2017 was \$ 99,259.

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**November 30, 2017**

**Note 5 - Capital Assets, continued**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<u>Component units:</u>				
Piatt County Mental Health Center:				
Capital assets being depreciated:				
Building	\$ 476,867			476,867
Equipment, furniture and fixtures, and building improvements	470,966	24,001	7,154	487,813
	<hr/>			
Total capital assets being depreciated	947,833	24,001	7,154	964,680
	<hr/>			
Less accumulated depreciation for:				
Building	228,876	19,075		247,951
Equipment, furniture and fixtures, and building improvements	314,868	37,549	7,154	345,263
	<hr/>			
Total accumulated depreciation	543,744	56,624	7,154	593,214
	<hr/>			
Component units, capital assets, net	\$ 404,089	(32,623)	-	371,466

Total depreciation expense for Piatt County Mental Health Center in 2017 was \$ 56,624.

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**November 30, 2017**

**Note 6 - Long-Term Obligations**

The following is a summary of changes in the County's long-term obligations for the year ended November 30, 2017:

**Governmental Activities:**

	Balance November 30, 2016	Additions	Reductions	Balance November 30, 2017	Amount Due in One Year
Public Building Revenue					
Bonds, Series 2011	\$ 1,265,000		(60,000)	<b>1,205,000</b>	60,000
Contract payable	31,454		(15,727)	<b>15,727</b>	15,727
Total governmental Activities	<b>\$ 1,296,454</b>	-	<b>(75,727)</b>	<b>1,220,727</b>	

**Public Building Revenue Bonds:**

On September 2, 2011, the PCPBC issued \$ 1,500,000 in Public Building Revenue Bonds, Series 2011. The bonds bear interest at varying fixed rates increasing with the length of maturity from 1.125% to 6.250%. The bond issue calls for retirement of principal on October 1 and interest payable on April 1 and October 1.

The annual requirements to amortize the remaining outstanding debt of the Series 2011 Public Building Revenue Bonds of \$ 1,205,000 as of November 30, 2017, assuming no early retirements, is as follows:

Year ending November 30	Principal	Interest	Total	Balance
2018	\$ 60,000	60,456	120,456	1,145,000
2019	60,000	59,781	119,781	1,085,000
2020	60,000	58,206	118,206	1,025,000
2021	65,000	55,628	120,628	960,000
2022	65,000	52,947	117,947	895,000
2023-27	385,000	210,497	595,497	510,000
2028-32	510,000	83,750	593,750	-
Total	<b>\$ 1,205,000</b>	<b>581,265</b>	<b>1,786,265</b>	

Since the PCPBC is a blended component unit, the lease payable/receivable between the PCPBC and the County has been eliminated at the government-wide reporting level, and the revenue bonds have been reported as a liability of the County.

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**November 30, 2017**

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**Note 6 - Long-Term Obligations, continued**

**Governmental Activities, continued:**

Contract Payable:

The County signed into an agreement with Global Technical Systems, Inc. (GTSI) for new radio equipment on April 17, 2015. The agreement calls for a down payment of \$ 20,000 followed by three annual payments of \$ 15,727 due April 17<sup>th</sup> of each year. Title of the equipment is held by GTSI until final payment is made. Amount due to GTSI at November 30, 2017 is \$ 15,727.

Future payments are as follows:

2018	<u>\$ 15,727</u>
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**Business-type Activities:**

	Balance November 30, 2016	Additions	Reductions	Balance November 30, 2017	Amount Due in One Year
General obligation debt certificates, Series 2007	\$ 845,000		60,000	<b>785,000</b>	65,000
Revenue Bond, Maple Point, Series 2007	1,720,000		60,000	<b>1,660,000</b>	60,000
Note payable	31,579		19,466	<b>12,113</b>	12,113
Accrued employee benefits	147,269		2,433	<b>144,836</b>	29,000
 Total business-type activities	 <u>\$ 2,743,848</u>	 -	 141,899	 <b><u>2,601,949</u></b>	

The County, on behalf of the Piatt County Nursing Home, issued \$ 1,255,000 general obligation debt certificates, Series 2007, dated February 14, 2008. Principal is payable on November 1. Interest is payable May 1 and November 1 with interest rates varying between 4.25% and 5.00%.

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**November 30, 2017**

**Note 6 - Long-Term Obligations, continued**

**Business-type Activities, continued:**

Annual debt service requirements to maturity for the general obligation debt certificates, Series 2007, are as follows:

Year ending November 30	Principal	Interest	Total	Balance
2018	\$ 65,000	37,263	102,263	720,000
2019	65,000	34,500	99,500	655,000
2020	70,000	31,574	101,574	585,000
2021	75,000	28,250	103,250	510,000
2022	75,000	24,688	99,688	435,000
2023-27	435,000	65,738	500,738	-
<b>Total</b>	<b>\$ 785,000</b>	<b>222,013</b>	<b>1,007,013</b>	

The County, on behalf of the Piatt County Nursing Home for the construction of Maple Point ALF, issued \$ 2,000,000 revenue bonds, Series 2007, dated February 14, 2008. Principal is payable on May 1. Interest is payable May 1 and November 1 with an interest rate ranging from 4.25% to 5.00%.

Annual debt service requirements to maturity for the revenue bond, Series 2007, are as follows:

Year ending November 30	Principal	Interest	Total	Balance
2018	\$ 60,000	70,550	130,550	1,600,000
2019	60,000	68,000	128,000	1,540,000
2020	60,000	65,450	125,450	1,480,000
2021	60,000	62,900	122,900	1,420,000
2022	60,000	60,350	120,350	1,360,000
2023-27	360,000	260,950	620,950	1,000,000
2028-32	440,000	177,650	617,650	560,000
2033-37	560,000	73,950	633,950	-
<b>Total</b>	<b>\$ 1,660,000</b>	<b>839,800</b>	<b>2,499,800</b>	

In 2015, the Nursing Home entered into a hardware purchase and software license agreement with American HealthTech for its new software system. The agreement included terms to repay \$ 59,833 of capital asset costs at 0% interest over 36 months. The monthly payments are \$ 1,662, and the note payable matures in June 2018.

Annual note payments required are as follows:

2018	<u>\$ 12,113</u>
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**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**November 30, 2017**

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**Note 6 - Long-Term Obligations, continued**

**Business-type Activities, continued:**

The creation and funding of certain reserve accounts required by the revenue bond ordinances have not been established by the County or the Piatt County Public Building Commission.

Legal Debt Margin: The Illinois Compiled Statutes provide that the net general obligation debt of the County, exclusive of certain exempt debt, should not exceed 2.875 percent of the total assessed valuation of the County. The effect of the debt limitations described above is an overall debt margin of \$ 11,425,539 at November 30, 2017.

**Note 7 - Capital Lease**

Piatt County Emergency Telephone System Board (ETSB): The ETSB was leasing equipment under a capital lease. The lease term began March 10, 2010, and was set to expire March 11, 2016, with annual payments, including principal and interest, of \$ 46,100 for the first four years of the lease, and decreased payments in the remaining two years. However, the Piatt County General Fund paid off this lease on behalf of the ETSB in 2013, and the ETSB paid back the General Fund with scheduled payments that concluded in 2017.

The assets acquired through the capital lease are as follows:

Equipment	\$ 257,953
Less: accumulated depreciation	<u>(257,953)</u>
	<u>\$ -</u>

**Note 8 - Multiple Facilities Lease**

The County had entered into lease agreements in 2002 and 2003 with the Piatt County Public Building Commission (PCPBC) for financing the construction of the County jail and public safety building facilities. On September 1, 2011, the County and the PCPBC entered into a new noncancellable 20-year lease for financing the purchase and construction of a County public building. On July 1, 2014, the County and the PCPBC entered into a new agreement to continue to lease to the County the above described public buildings and sites and all improvements thereon, in conjunction with the issuance of refunding revenue bonds to refinance the 2002 series bonds. The leases require that the County levy property taxes to make annual rental payments to the PCPBC to service the PCPBC revenue bonds.

Lease payments are due each September 25 for the succeeding year and are divisible into a debt service component and a facilities rent portion. The debt service component is payable in order to retire the bonds issued by PCPBC. The facilities rent component reflects the amounts necessary to cover operations and maintenance expenditures of the buildings. The following is a schedule of the future minimum lease payments under the leases and the present value of the net minimum lease payments at November 30, 2017:



PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2017

Note 8 - Multiple Facilities Lease, continued

Year ending November 30	Facilities Rent	Debt Service Component		
		Principal	Interest	Total
2018	\$ 53,544	60,000	60,456	120,456
2019	54,219	60,000	59,781	119,781
2020	55,793	60,000	58,206	118,206
2021	53,372	65,000	55,628	120,628
2022	56,053	65,000	52,947	117,947
2023-27	274,503	385,000	210,497	595,497
2028-32	276,250	510,000	83,750	593,750
Total	\$ 823,734	1,205,000	581,265	1,786,265

Note 9 - Pension Plan

Employees of the County participate in the Illinois Municipal Retirement Fund. Amounts and disclosures that follow are for the plan as a whole. The County uses general and special revenue funds to liquidate net pension obligations.

**IMRF Plan Description:** The Piatt County, Illinois' defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Piatt County, Illinois' plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided:** IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2017

Note 9 - Pension Plan, continued

**Benefits Provided, continued:** Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

**Contributions:** As set by statute, the County's Regular and SLEP plan members are required to contribute 4.50% and 7.50%, respectively, of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2016 for Regular and SLEP was 9.19% and 17.39%, respectively. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Employees Covered by Benefit Terms:** As of December 31, 2016, the following employees were covered by the benefit terms:

	<u>Regular</u>	<u>SLEP</u>
Retirees and beneficiaries currently receiving benefits	218	6
Inactive plan members entitled to but not yet receiving benefits	188	7
Active plan members	<u>264</u>	<u>12</u>
Total	<u>670</u>	<u>25</u>

**Net Pension Liability:** The County's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The net pension liabilities for Regular and SLEP at December 31, 2016 are as follows:

	<u>Regular</u>	<u>SLEP</u>
Total pension liability	\$ 40,263,460	5,559,599
Plan fiduciary net position	<u>(37,337,778)</u>	<u>(4,903,209)</u>
Net pension liability	<u>\$ (2,925,682)</u>	<u>656,390</u>
Percent funded	<u>92.73 %</u>	<u>88.19 %</u>

## PIATT COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2017

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#### **Note 10 - Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injury to employees; and natural disasters. In December 1988, the County established a Self-Insurance Reserve Fund, which was funded by the sale of \$ 2,500,000 in General Obligation Bonds. This fund enabled the County to self-insure workers' compensation, general liability, automobile liability, automobile physical damage, and public official errors and omissions claims. As of November 30, 2016, the County is no longer self-insuring these policies. There are still open workers' compensation claims, and those will be paid from this fund. It has been determined that these funds may also be used for other purposes such as the payment of employee physicals costs and to help cover health insurance premiums paid by the County. The County has \$ 459,139 in reserves at November 30, 2017 to cover current and future potential self-insurance claims and other allowed costs.

The County carries commercial insurance coverage for workers' compensation, liability, property, crime and other insurance. The County pays all elected officials' bonds by statute.

From time to time, the County has pending litigation arising from operations including two open cases at November 30, 2017. It is believed that these two cases fall under the CIRMA coverage and that the County's exposure will not have a material effect on its financial condition or results of operations.

#### **Note 11 - Commitments**

In October 2016, the County entered into an agreement with Dewitt County, Illinois to provide detainee Housing Services for Dewitt County detainees. Dewitt County agrees to pay Piatt County a per diem fee of forty-five (\$ 45) dollars per day, per detainee, with a maximum number of 36 Dewitt County detainees at any given time. The agreement shall remain in effect until terminated by either party, by giving the other party thirty days written notice.

During December 2014, the County entered into a five-year agreement for computer software, service, and support in connection with the property tax cycle. Quarterly payments are due based on a total contract price of \$ 66,892. Total remaining on the contract at November 30, 2017 was \$ 21,278.

#### **Note 12 - Other Postemployment Benefits**

Retirees of Piatt County may elect to maintain health insurance through the County subsequent to retirement. Such retirees are responsible for paying the full cost of all premiums. As of November 30, 2017 there were three retirees participating in this plan.

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**November 30, 2017**

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**Note 13 - Net Position/Fund Equity**

Restricted net position in Piatt County Nursing Home - During the fiscal year ended November 30, 1984, Piatt County established the Funded Depreciation Fund to acquire and replace equipment and betterments within the Nursing Home. The fund is restricted and cannot be used for general operating expenses; therefore, net position is restricted for this purpose. This fund is funded by periodic transfers from the Operating Fund. The balance as of November 30, 2017 was \$ 8,998. A similar fund was set up for the Nursing Home's Maple Point operations in 2011. That balance as of November 30, 2017 was \$ 54,780.

The Nursing Home also restricts net position for the Piatt County Service for Seniors Program (PCSS). A separate bank account has been set up for this program. Money for this program is restricted and cannot be used for general operating expenses. The balance at November 30, 2017 for PCSS was \$ 771.

Finally, the Nursing Home shows as restricted cash and cash equivalents \$ 123,600 at November 30, 2017, which represents amounts set aside for upcoming bond payments, as required by the related bond ordinance.

**SUPPLEMENTARY INFORMATION**

PIATT COUNTY, ILLINOIS

COMBINING BALANCE SHEET FOR NONMAJOR GOVERNMENTAL FUNDS

November 30, 2017

	Special Revenue Funds			
	Highway Fund	Matching Fund	Illinois Municipal Retirement Fund	Court Automation Fund
<b><u>ASSETS</u></b>				
Cash	\$ 552,718	801,418		37,684
Due from other funds	86,730			
TOTAL ASSETS	639,448	801,418	-	37,684
<b><u>LIABILITIES</u></b>				
Due to other funds			6,601	
Total liabilities	-	-	6,601	-
<b><u>FUND BALANCES</u></b>				
Restricted	639,448	801,418	(6,601)	37,684
Total fund balances (deficits)	639,448	801,418	(6,601)	37,684
TOTAL LIABILITIES AND FUND BALANCES	\$ 639,448	801,418	-	37,684

Special Revenue Funds

Document Storage Fund	Probation Fees Fund	Social Security/ FICA Fund	TB Care Fund	Unemployment Comp Fund	Working Cash Fund	Document Storage Circuit Clerk Fund	Medical Fund	Piatt County Drug Enforcement Fund
42,864	184,935	224,376	101,476	185,273	148,505	69,724	25,496	15,823
42,864	184,935	224,376	101,476	185,273	148,505	69,724	25,496	15,823
-	-	-	-	-	-	-	-	-
42,864	184,935	224,376	101,476	185,273	148,505	69,724	25,496	15,823
42,864	184,935	224,376	101,476	185,273	148,505	69,724	25,496	15,823
42,864	184,935	224,376	101,476	185,273	148,505	69,724	25,496	15,823

(Continued)

PIATT COUNTY, ILLINOIS

COMBINING BALANCE SHEET FOR NONMAJOR GOVERNMENTAL FUNDS (Continued)

November 30, 2017

	Special Revenue Funds				
	DUI Equipment Fund	GIS Fund	PCCC Operations and Administrative Fund	Police Vehicle Fund	Pet Population Control Fund
<b><u>ASSETS</u></b>					
Cash	\$ 11,722	8,552	29,238	12,612	585
Due (to)/from other funds					
TOTAL ASSETS	11,722	8,552	29,238	12,612	585
<b><u>LIABILITIES</u></b>					
Due to other funds					
Total liabilities	-	-	-	-	-
<b><u>FUND BALANCES</u></b>					
Restricted	11,722	8,552	29,238	12,612	585
Total fund balances (deficits)	11,722	8,552	29,238	12,612	585
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,722	8,552	29,238	12,612	585



PIATT COUNTY, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 Year ended November 30, 2017

	Special Revenue Funds			
	Highway Fund	Matching Fund	Illinois Municipal Retirement Fund	Court Automation Fund
Revenues:				
Taxes	\$ 424,227	212,114	747,448	
Intergovernmental	44,686			
Fines, fees, forfeitures				19,465
Interest on investments			131	
Miscellaneous	7,298			
Total revenues	476,211	212,114	747,579	19,465
Expenditures:				
Current:				
General control and administration			466,975	
Public safety				
Public health and welfare				
Transportation	391,006	391,532		
Capital outlay	4,386			
Total expenditures	395,392	391,532	466,975	-
Excess (deficiency) of revenues over (under) expenditures	80,819	(179,418)	280,604	19,465
Other financing sources (uses):				
Transfers out			(503,743)	
Total other financing sources (uses)	-	-	(503,743)	-
Net change in fund balances	80,819	(179,418)	(223,139)	19,465
Fund balances, beginning of year	558,629	980,836	216,538	18,219
Fund balances (deficits), end of year	\$ 639,448	801,418	(6,601)	37,684

Special Revenue Funds

Document Storage Fund	Probation Fees Fund	Social Security/FICA Fund	TB Care Fund	Unemployment Compensation Fund	Working Cash Fund	Document Storage Circuit Clerk Fund	Medical Fund	Piatt County Drug Enforcement Fund
		702,607	15,695	82,430				
17,934	41,745					19,462	790	4,820
17,934	41,745	702,607	15,695	82,430	-	19,462	790	4,820
11,203	44,435	324,505		39,364		22,684		12,199
			5,768					
11,203	44,435	324,505	5,768	39,364	-	22,684	-	12,199
6,731	(2,690)	378,102	9,927	43,066	-	(3,222)	790	(7,379)
		(472,279)		(67,078)		(10,000)		
-	-	(472,279)	-	(67,078)	-	(10,000)	-	-
6,731	(2,690)	(94,177)	9,927	(24,012)	-	(13,222)	790	(7,379)
36,133	187,625	318,553	91,549	209,285	148,505	82,946	24,706	23,202
42,864	184,935	224,376	101,476	185,273	148,505	69,724	25,496	15,823

PIATT COUNTY, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (Continued)

Year ended November 30, 2017

	Special Revenue Funds			
	DUI Equipment Fund	GIS Fund	PCCC Operations and Administrative Fund	Police Vehicle Fund
Revenues:				
Taxes	\$			
Intergovernmental				
Fines, fees, forfeitures	5,442	47,529	6,576	8,056
Interest on investments				
Miscellaneous				
Total revenues	5,442	47,529	6,576	8,056
Expenditures:				
Current:				
General control and administration		98,564	1,437	
Public safety				
Public health and welfare				
Transportation				
Capital outlay				
Total expenditures	-	98,564	1,437	-
Excess (deficiency) of revenues over (under) expenditures	5,442	(51,035)	5,139	8,056
Other financing sources (uses):				
Transfers out				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	5,442	(51,035)	5,139	8,056
Fund balances, beginning of year	6,280	59,587	24,099	4,556
Fund balances (deficits), end of year	\$ 11,722	8,552	29,238	12,612

PIATT COUNTY, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES OF AGENCY FUNDS  
Year ended November 30, 2017

	Balance December 1, 2016	Additions	Reductions	Balance November 30, 2017
<b><u>ASSETS</u></b>				
Cash and cash equivalents:				
Held by County Clerk:				
County clerk accounts	\$ 234,513	807,533	642,683	399,363
Held by Treasurer:				
General trust	5,808	1		5,809
General trust	280,710		2,560	278,150
Earnings fees	173	6		179
Collector cash	105,181	31,594,804	31,611,387	88,598
Revolving tax sale	11,428	10,819	14,871	7,376
Trustee payments	2,007		2,007	-
Department of Justice asset forfeiture	1,140			1,140
Held by Circuit Clerk:				
Circuit clerk accounts	62,081	104,096	145,875	20,302
Held by Piatt County Highway Department:				
Township motor fuel tax	732,219	974,246	854,433	852,032
Held by Piatt County Sheriff:				
Sheriff's warrant fee account	12,070	189,722	127,236	74,556
Held by Piatt County Nursing Home:				
Resident accounts	13,690		2,284	11,406
Total cash and cash equivalents	1,461,020	33,681,227	33,403,336	1,738,911
Due from other funds:				
General fund	12,459			12,459
<b>TOTAL ASSETS</b>	<b>\$ 1,473,479</b>	<b>33,681,227</b>	<b>33,403,336</b>	<b>1,751,370</b>

PIATT COUNTY, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES OF AGENCY FUNDS (Continued)  
Year ended November 30, 2017

	Balance December 1, 2016	Additions	Reductions	Balance November 30, 2017
<b><u>LIABILITIES</u></b>				
Due to Other Governments:				
Due to area drainage districts	\$ 1,613	511,826	512,141	1,298
Due to local townships	732,219	974,246	854,433	852,032
Due to other counties	12,070	189,722	127,236	74,556
Illinois Department of Public Health	8		8	-
Illinois Department of Revenue	28,216	407,682	401,085	34,813
Illinois Municipal Retirement Fund	178		178	-
Illinois State Treasurer	30	695	685	40
Property taxes due to other governments	67,765	26,836,394	26,853,629	50,530
State of Illinois Rural Housing program	1,917	24,435	24,462	1,890
Due to Other Funds:				
Due to other funds	49,837	221,618	216,257	55,198
Property taxes due to other funds	12,231	4,257,403	4,260,488	9,146
Due to Others:				
Bond refunds payable	78,506	100,130	145,875	32,761
Due to individual taxpayers	286,518	1	2,560	283,959
Due to insurance companies for current and future claims	189,492	153,109		342,601
Due to others	(819)	3,966	2,007	1,140
Due to residents of PCNH and MP Mass Mutual - Elective deferred compensation program	13,690		2,284	11,406
	8		8	-
<b>TOTAL LIABILITIES</b>	<b>\$ 1,473,479</b>	<b>33,681,227</b>	<b>33,403,336</b>	<b>1,751,370</b>



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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Board Members  
Piatt County, Illinois  
Monticello, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Piatt County, Illinois, as of and for the year ended November 30, 2017, and the related notes to the financial statements, which collectively comprise Piatt County, Illinois' basic financial statements and have issued our report thereon dated December 17, 2018

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Piatt County, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Piatt County, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of Piatt County, Illinois' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses (17-1 to 17-2).

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Piatt County, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below.

- The County has several bond ordinances that require the establishment of certain bank accounts to provide for the repayment of debt and interest and provide funds for operating needs and lease payments related to the debt issues. The County has not complied with the provisions of the bond ordinances and does not intend to.

### Piatt County, Illinois' Response to Findings

Piatt County, Illinois' response to the findings identified in our audit is described above and in the accompanying schedule of findings and responses. Piatt County, Illinois' response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Decatur, Illinois  
December 17, 2018

**PIATT COUNTY, ILLINOIS**

**SCHEDULE OF FINDINGS AND RESPONSES**

**November 30, 2017**

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**Material Weaknesses**

***17-1 Financial Reporting***

Criteria: Management is responsible for establishing and maintaining adequate internal control over financial reporting, including controls over the ability of management to select and apply appropriate accounting principles to prepare financial statements and related footnote disclosures in conformity with the modified cash basis of accounting.

Condition: During the review of the financial reporting process, we noted that neither management nor the accounting personnel have the expertise to select and apply appropriate accounting principles or to prepare financial statements with appropriate footnotes in accordance with the modified cash basis of accounting.

Cause: The responsibility for financial reporting rests entirely with the County and not the auditor. In other words, if the County is not able to issue, without the auditors' involvement, complete financial statements with notes, in accordance with the modified cash basis of accounting, and free of material misstatement, that inability is a symptom of material deficiencies in internal control.

Effect: Without adequate financial reporting expertise, errors and omissions could occur in the financial statements and not be detected by management.

Recommendation: We recommend that management assess the financial reporting process and consider implementing additional reporting functions. Additionally, we recommend that the Board include persons knowledgeable about financial statements and reporting requirements.

County's Response: There is no disagreement with the audit finding. The County is aware of the need for the expertise necessary to prepare a complete set of financial statement and the related disclosures. Management will continue to monitor the internal controls over financial reporting as well as the cost/benefit relationship with these issues.

***17-2 Material Audit Adjustments***

Criteria: Management is responsible for establishing effective internal controls to ensure that its accounting records are free of material misstatements.

Condition: During the audit of the Piatt County Nursing Home Fund, we discovered that multiple accounts were materially misstated.

Cause: Multiple causes were identified for these errors including incomplete account reconciliations and a lack of an effective system of internal control at the Piatt County Nursing Home during the year under audit.

Effect: These accounting errors caused the preliminary financial statements to be materially misstated which resulted in multiple material adjustments.



**PIATT COUNTY, ILLINOIS**

**SCHEDULE OF FINDINGS AND RESPONSES, continued**

**November 30, 2017**

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**Material Weaknesses, continued**

Recommendation: We recommend that the County ensure that all accounts of the Piatt County Nursing Home Fund are reconciled completely and timely each month.

County's Response: There is no disagreement with the audit finding. The Piatt County Nursing Home Fund has been and is continuing work on improving its month- and year-end account reconciliation processes.